THE WALL STREET JOURNAL. * * * FRIDAY, FEBRUARY 6, 1998 B1

MARKETPLACE

Travel: *Frequent fliers may be losers in Northwest-Continental deal* **Page B7.**

The Home Front: *Furniture for children's rooms goes upscale* **Page B8.**

How UPS Tried to Buy Into the Ivory Tower

By Robert Cwiklik
Staff Reporter of The Wall Street Journal

Closer financial ties between corporations and universities have raised many troubling questions in recent years, and a United Parcel Service of America Inc. offer to

PHILANTHROPY

the University of Washington managed to stir up just about all of them.

More than two years ago, UPS offered the university's medical school $2.5 million to establish a research chair in occupational orthopedics. But the Atlanta-based shipping giant wanted to go beyond the now-routine corporate practice of specifying a subject area for a bequest.

UPS asked that a particular researcher at the school, Stanley J. Bigos, be appointed to the chair and granted tenure. Both demands trespass on academic prerogatives traditionally considered off-limits to corporate sponsors.

Although the two-year negotiations between UPS and the University of Washington ended unsuccessfully, the paper trail they left illustrates how aggressively corporations wield their supposedly philanthropic dollars.

About 20%, or $2.8 billion, of total contributions to higher education came from companies in 1996, according to the Council for Aid to Education, a New York nonprofit group. Today, corporations increasingly "want something back" for their gifts, says John Coy, head of Consulting Network, a Vienna, Va., firm that advises big companies on their financial relationships with universities.

It's understandable that UPS would want to endow a chair for Dr. Bigos, an orthopedic surgeon and professor. His research has suggested that workers' back-injury claims may relate more to poor attitudes than ergonomic factors on the job. UPS has opposed recent government efforts to impose workplace ergonomics standards.

Dr. Bigos says UPS's proposal never struck him as a threat to academic independence. Instead, he says, the company's money would have helped him to do the kind of research he was doing "before I even knew who UPS was."

Cuts in government support for higher education have turned universities into scavengers for private funds, and schools now routinely permit corporate donors not only to name endowed professorships and chairs, but also to select their subject areas. That ensures that "issues related to their core business" will be studied, says Mr. Coy.

Thus, there's a Coca-Cola Professor of Marketing at the University of Georgia, a Lego Professor of Learning Research at the Massachusetts Institute of Technology (who is also a Disney fellow) and a La Quinta Motor Inns Professor of Business at the University of Texas.

Critics of these relationships say they erode academic independence. Derek Bok, former president of Harvard University, says in cases when a company wants to sponsor a particular scholar, universities should submit the matter to an independent panel. Otherwise, he says, "you're making what are essentially tough academic judgments with a thumb on the scale."

University of Washington officials concede that corporations get something back for their gifts. "But only in the sense of receiving visibility for their generosity," says

Please Turn to Page B2, Column 3

"United Parcel Service asks for the opportunity to promote a specific program at your institution by offering $2,500,000 in hopes of assuring our intentions ... Advancing Dr. Bigos' objective scientific research is the only intention and motivation for offering an endowment."
—United Parcel Service memo to University of Washington, Dec. 21, 1995

When UPS proposed endowing a chair at the University of Washington and hand-picking its occupant, lengthy negotiations ensued

"We will work with you to understand clearly, and incorporate into this agreement, UPS' goals and desired emphasis for the chair—subject (of course) to reasonable limits of academic freedom."
—S. John Goodwin, (former) assistant vice president for development, University of Washington, to Joe Schneider, UPS vice president for human resources, Feb. 9, 1996

UPS Tries to Buy Into Ivory Tower

Continued From Page B1

a spokesman.

In its negotiations with the University of Washington, UPS hoped to establish the "Stanley J. Bigos Endowed Chair of Occupational Orthopedics." Today UPS officials say they would have settled for sponsoring another researcher, had the university insisted. But documents exchanged among participants in the negotiations show that Dr. Bigos was UPS's clear choice. The documents were obtained through a state freedom-of-information law by a researcher for the Teamsters union, which represents UPS employees. The researcher made them available for this article.

The university's first contact from UPS came from an outside attorney representing an unidentified "potential benefactor." In a second letter, the attorney frankly stated that the donor's proposed bequest of "at least" $1.5 million – the medical school's minimum for endowing a chair – was "principally intended" to support a "specific individual" in the school and only "secondarily" for the university.

Typically, endowments for chairs are invested by the university, and the generated income pays for the salary and staff of the chair holder, as well as overhead for the university itself. Mr. Coy says that the amounts allocated for such purposes are generally negotiable. But UPS's attorney went further. He asked questions that "the benefactor considers critical," including whether endowment funds would be "mobile" should the faculty member move to another school, and whether "a tenured position" would be offered.

In response to the attorney's letter, Krista Mattox, then executive director of development for the university's medical school, said the university did not establish chairs for specific individuals. The donor's candidate could be considered, she wrote, but any appointment had to clear internal reviews. She also said that endowment funds "must remain at the university."

UPS was undaunted. Shedding its cloak of anonymity, the company identified itself as the benefactor in a memo to the university and named Dr. Bigos as the researcher it wanted to support. UPS also repeated its request that the chair holder be tenured. And it raised its offer to $2.5 million–$1 million above the minimum–"in hopes of assuring our intentions."

S. John Goodwin, then assistant vice president for development at the university, responded by asking UPS for the time to develop a proposal that's "as detailed and well thought-out as your generous offer deserves." He said university officials would try to incorporate UPS's goals into the endowment, "subject (of course) to reasonable limits of academic freedom."

Mr. Goodwin's letter mentioned Dr. Bigos by name, citing the medical school dean's support for Dr. Bigos's research. He didn't mention the school's policies prohibiting donors from aiding specific individuals.

Dr. Bigos had excellent credentials for an endowed chair. A full professor since 1990, he had served as chairman of a panel of experts that developed guidelines for the treatment of lower-back pain, which were released in 1994 by the Association for Health Care Policy and Research, a federal agency.

He had also gained notice for leading a 1991 study of back-injury claims filed by workers at a Boeing Co. plant in Washington. The study found that "psychosocial factors," such as life distress, outweighed working conditions in explaining back-injury claims.

UPS data for 1996 show that its employees suffer on-the-job injuries at levels well above those in comparable industries tracked by the Labor Department. And the Occupational Safety and Health Administration says that in the past 12 years, more worker complaints have been filed against UPS than against any other company.

Employee complaints declined in the past couple of years, says Bob Godlewski, a UPS spokesman who notes that the company is implementing programs to reduce its injury levels. While its injury rate is still "not where we want it to be," he says comparisons with companies where workers may face dissimilar conditions are unfair.

In 1995, when OSHA's work on ergonomics standards was gathering steam, UPS lobbyists argued that scientific evidence that such rules would reduce injuries was scanty and that they would cost businesses billions. Later that year, Congress ordered OSHA to halt work on the rules, a ban that won't be fully lifted until fiscal 1999. "Ergonomics is not a medical science," says Thomas Walsh, UPS health and safety officer. "It's engineering." Dr. Bigos's work, on the other hand, is "sound science," Mr. Walsh says.

In May 1996, University of Washington officials sent a proposed endowment agreement to UPS. "It is the university's desire that Dr. Stanley J. Bigos be the initial holder" of the chair, the university said. The document goes on to note that the appointment would be made by the medical-school dean "in accordance with university policies and procedures and subject to approval by the Board of Regents."

In an accompanying letter, Philip J. Fialkow, dean of the medical school, promised to support the proposed tenure for Dr. Bigos, though again "in accordance with university policies."

University officials say that such policies call for a search committee to choose the chair holder, regardless of the fact that Dr. Bigos was named in the agreement. UPS's interest in ergonomics "of course" would have been weighed in the approval process, says L.G. Blanchard, a spokesman for the medical school. (Dr. Fialkow died in an accident in October 1996.)

Although the university and UPS seemed to be nearing an accord, in March of last year, Mr. Walsh of UPS wrote to the school that "for reasons having nothing to do with the merits" of the proposal, "UPS is not in a position this year to endow the Bigos chair."

Mr. Walsh says the bequest was scuttled because the UPS Foundation, the company's charitable arm, no longer endows academic chairs. It hasn't done so since the 1970s, says foundation director Gary Lee. Allowing companies to request a particular professor for an endowed chair is "against academic freedom," Mr. Lee adds.

Mr. Walsh, however, says he sees nothing "inappropriate" about the company's negotiations with the university. "I don't think we're at all embarrassed that we wanted Stan Bigos to get the chair," he says.

EASTMAN KODAK CO.

Retirement Option Offered To Employees to Cut Jobs

Eastman Kodak Co. is offering voluntary-retirement incentives as part of its effort to cut costs by $1.5 billion and eliminate 16,600 jobs by the end of 1999. In a memo to employees yesterday, Kodak said early-retirement options will be offered at its film and paper manufacturing hub in Rochester, N.Y., where 6,300 jobs have been targeted. Some 300 volunteers will receive as much as a year's salary, plus $5,000 in retraining funds. However, most jobs will be lost through layoffs, some by way of consolidating operations at 2,200-acre Kodak Park, the memo said. The cuts in Kodak's work force of 100,500 have been blamed in part on Japanese rival **Fuji Photo Film** Corp., which Kodak claimed slashed film prices by as much as 30% last year in a successful bid to capture an extra slice of the U.S. market.

rt

12-22-97

Adviser to Chief Executives Finds Himself in Odd Swirl

Accused of Vandalism at His University, Star Professor of Business Loses Two Jobs

By KEVIN SACK

ATLANTA, Dec. 21 — As a star professor at Emory University's Goizueta School of Business, Jeffrey A. Sonnenfeld specialized in studying the management pitfalls and personality flaws that trip up corporate leaders. The most serious threat to leadership, he often warned, is hubris.

"When a high-flying organization or individual takes a tumble, simple arrogance is often to blame," Dr. Sonnenfeld wrote in a recent journal article titled "How Leaders Fail."

Now Dr. Sonnenfeld, an adviser to many of the country's top chief executives and a frequent commentator on corporate intrigue, is at the center of a bizarre swirl of events that could be written up as a case study in one of his own classes.

On Sept. 24, the Georgia Institute of Technology announced that it had hired Dr. Sonnenfeld away from its wealthier crosstown rival to become dean of its DuPree School of Management, effective Jan. 1. Widely considered a coup for Georgia Tech, the move came shortly after an Emory search committee failed to include Dr. Sonnenfeld on a short list of candidates to become dean of the Goizueta School.

But early this month, Georgia Tech rescinded its $200,000-a-year offer to Dr. Sonnenfeld, and Emory announced that he would be leaving its staff immediately. The reason, say knowledgeable people who spoke on condition of anonymity, is that a tiny security camera mounted on the fifth floor of Emory's gleaming new business school captured the professor in what Emory officials believe was an act of petty vandalism.

The videotape, the sources say, shows Dr. Sonnenfeld defacing a wall as he walked down a hallway. Emory officials apparently also suspect that Dr. Sonnenfeld, who worked on the fifth floor, may have been responsible for scratches found on a door and a conference table on that floor.

Emory officials refuse to discuss the incident publicly or to provide the videotape for review. Nancy Seidman, an Emory spokeswoman, said only that vandalism in the business school remained under investigation by the campus police. She characterized the vandalism as "gouges in doors and in woodwork and furniture, and marks on walls."

To combat the vandalism, school officials attached a security camera the size of a cigarette lighter to a hallway ceiling tile. Early on the

establishing the Center for Leadership and Career Studies, an adjunct of the business school that staged two-day workshops for chief executives and other top managers.

During the off-the-record seminars, Dr. Sonnenfeld energetically guided the leaders through discussions of current business topics and thorny management problems.

Attendees have included Michael S. Dell, the chairman and chief executive of Dell Computer Corporation; Richard F. Teerlink, the president of Harley-Davidson, and Bernard Marcus, the chairman and chief executive of Home Depot.

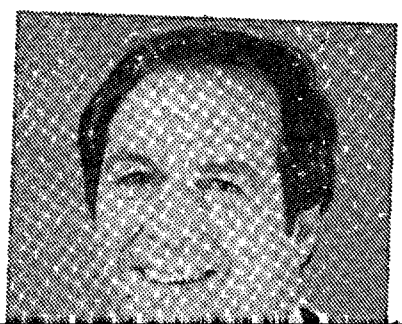
"These chief executives atrophy in high office because they don't get the feedback they need until these highly politicized, polarized boards erupt," Dr. Sonnenfeld explained. "This gives them an opportunity for reflection."

The sessions grew to be hugely popular over the last decade, with more than 1,000 executives paying the $2,500 workshop fee to attend. The workshops provided terrific exposure for Emory by introducing business leaders to the campus and by permitting students and professors to interact with the country's corporate elite.

Dr. Sonnenfeld was known around campus as a self-promoter and an inveterate name-dropper, but one who actually had relationships with the names he dropped. He rose to new prominence last summer as a commentator during the teamsters' strike against U.P.S., a company he has worked for as a consultant.

"Jeff was one of the people most responsible for putting us on the national map," said Jim D. Rosenfeld, an associate professor of finance at Emory.

Given Dr. Sonnenfeld's skills at fund-raising and corporate networking, many of his supporters on the Emory faculty were surprised that he did not make the short list of candidates for the dean's position.



images of Dr. Sonnenfeld.

After Emory administrators told their Georgia Tech counterparts of "a situation that had occurred at Emory," Georgia Tech's president, G. Wayne Clough, informed Dr. Sonnenfeld that he could not proceed with his nomination as dean, said Bob Harty, a Tech spokesman.

On the advice of his lawyer, Dr. Sonnenfeld, who is 43, refused to comment on the specific allegations other than to say, "I'm not a vandal." But Dr. Sonnenfeld, who has seen the videotape, has told friends that the accusations are ludicrous.

"Jeff has professed to have not done the things they said," said Kent C. Nelson, the recently retired chairman and chief executive of United Parcel Service. "It's inconsistent with my 25-year relationship with him. And it's just not fair that those things can be said without proof. If there's proof, let's see it."

Dr. Sonnenfeld's denials conflict starkly with the comments of one person who is familiar with his departure from Emory.

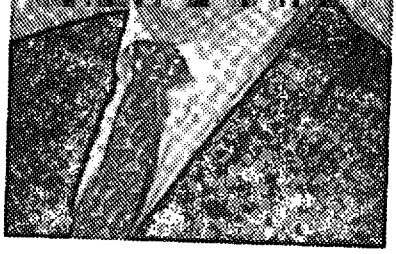
"Suffice it to say that when the evidence was presented to Professor Sonnenfeld, he resigned immediately, no questions asked," the person said, speaking on the condition of anonymity. "He knew that the evidence that was given to him was sufficient and powerful and unmistakeable."

Dr. Sonnenfeld dismisses such comments as "malicious gossip." The impact of the accusations of vandalism, which were first disclosed this month by The Atlanta Constitution, has been "frightening and paralyzing at times," he said.

He also said the experience made him feel empathy with corporate executives who sometimes find themselves blindsided by disgruntled directors or predatory takeover schemers.

"Each day it's more Kafkaesque than the day before," Dr. Sonnenfeld said. "It is truly Orwellian. But you know, Orwell didn't invent this out of nothingness. Kafka didn't invent it out of nothingness. And I teach this stuff. I shouldn't be surprised."

After earning his bachelor's, master's and doctoral degrees from Harvard University and teaching there for nine years, Dr. Sonnenfeld joined the Emory Business School in 1989 as a professor of management. He quickly made a name for himself by



Dr. Jeffrey A. Sonnenfeld, a former top professor at Emory University, said, 'I'm not a vandal.'

Some attributed his exclusion to longtime tensions between Dr. Sonnenfeld and Ronald E. Frank, the departing dean at Goizueta.

His exclusion hurt Dr. Sonnenfeld, who was enough of a school loyalist to display an Emory vanity license plate on his gray Jaguar. "It would be unfair to say I wasn't disappointed," he said. Andrew J. Ward, an assistant professor of management at Emory, described Dr. Sonnenfeld as "quite frustrated at the time."

After being hired by Georgia Tech, Dr. Sonnenfeld made it clear that he planned to take his leadership center with him, along with its $800,000 in annual private financing. He also began wearing a Tech pin around the Emory campus, a defiant gesture that he now characterizes as immature.

Some of Dr. Sonnenfeld's friends theorize that Emory officials must have concocted the accusations of vandalism in an effort to sabotage his appointment at Tech. "A bunch of do-nothings at Emory decided to try to sink the guy's ship and the cross-town rivalry got the best of them," said Chris P. Nedza, a former student of Dr. Sonnenfeld who now runs a document distribution company in Atlanta.

Now, Dr. Sonnenfeld hopes to establish his leadership institute as a freestanding entity with private financing. And when he next leads a workshop, he may have new lessons to teach.

"People in the public eye make a big target of themselves inadvertently," he said. "I don't consider myself a public figure, but to create this institute I've had to work on a larger-than-life persona, almost like a chief executive would, and it creates a target. I can now show a great sense of identity with the life struggles of my clientele."